

ID: CCA_2008091609242364

Number: **200851073**

Office:

Release Date: 12/19/2008

UILC: 6707.00-00

From:

Sent: Tuesday, September 16, 2008 9:24:26 AM

To:

Cc:

Subject: FW: Need NO advice on post AJCA IRC 6707

fyi

From:

Sent: Tuesday, September 16, 2008 7:37 AM

To:

Cc:

Subject: RE: Need NO advice on post AJCA IRC 6707

The 6707 penalty is directly related to the obligation in 6111 to file Form 8919. IRC § 6707(a). It is true that in determining if an individual is a material advisor under 6111 analysis is done on a taxpayer by taxpayer basis. However, once a person is a material advisor they only need file one return for all transactions of the same type. See Form 8919 (the form only discloses the type of transaction). Thus, as long as the material advisor was promoting the same type of transaction he/she would only have the obligation to file one Form 8919 regardless of the number of clients he/she promoted the transaction to. Where there is only an obligation to file one Form 8919, the maximum penalty would be the greater of \$200,000 or 50% of the gross income from all the transactions. This would be the result regardless of the total number of advised clients as long as the transaction advised on is the same type of transaction. If you have any additional questions, please contact _____ at _____.